



JAMES A. NOYES, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

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IN REPLY PLEASE
REFER TO FILE: **PD-3**

May 30, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012-3756

Dear Supervisors:

**COUNTY IMPROVEMENT NO. 2659-M, SHRODE AVENUE SEWERS
VICINITY OF THE CITY OF DUARTE
SUPERVISORIAL DISTRICT 5
4 VOTES**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the enclosed Resolution Instituting Proceedings for the construction of sanitary sewers in Shrode Avenue, and direct the preparation of a Resolution of Intention.
2. Designate the number and name as County Improvement District No. 2659-M, Shrode Avenue Sewers.
3. Approve the enclosed Resolution declaring the Board's intention to reimburse certain capital project expenditures from proceeds of taxable or tax-exempt bonds (County Improvement 2659-M, Shrode Avenue Sewers).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

This is a request to provide financing and approval to proceed with the engineering work necessary for the sewer improvements. The Board's actions herein will not form nor place any obligation on the Board regarding formation of the aforementioned district.

This project involves the construction of sanitary sewers in Shrode Avenue and other streets in the unincorporated area in the vicinity of the city of Duarte to service 64 parcels. The project area is located south of Pamela Road, east of Sawpit Wash, north of Camino Real, and west of Mountain Avenue. See the enclosed boundary map.

Public Works received an application from homeowners along Shrode Avenue to form a County Improvement (CI) district to provide a mainline sewer system for their community. Residents are presently served by septic tanks and cesspools, many of which are old and problematic. We proceeded to survey the property owners within the proposed district to determine community support for the project. We mailed 64 surveys, one to each assessable parcel owner within the proposed district. The survey provided information on the estimated total project cost and a preliminary estimate of each property's assessment. We received 39 responses supporting the project, 5 responses opposing it, and 20 not responding. The favorable responses represent over 60 percent of the assessable area within the proposed district. When each response is weighted according to the proportional financial obligation of the affected property, the results indicate that 88 percent of the respondents voted in favor, and 12 percent were opposed to the project.

Based on the above, it is proposed that your Board institute proceedings for CI 2659-M (Shrode Avenue Sewers), and direct the Director of Public Works to prepare a Resolution of Intention, pursuant to the Municipal Improvement Act of 1913.

Under applicable Federal law, in order to preserve the County's ability to be reimbursed from bond proceeds amounts advanced from the General Fund, the Board must declare its intention to issue bonds for such purpose. Therefore, it is requested that your Board adopt the enclosed Resolution declaring its intention to reimburse capital project expenditures from proceeds of taxable or tax exempt bonds.

It is important for your Board to move forward with this project in a timely fashion in order to maintain the level of support indicated in the above survey of property owners.

Implementation of Strategic Plan Goals

This action is consistent with the County's Strategic Plan Goal of Fiscal Responsibility as this special assessment district provides a mechanism to levy assessments to specific properties directly benefitted by the construction of a sewer system. It also satisfies the Goal of Service Excellence since constructing a sewer system mitigates wastewater concerns, which improves the quality of life in the County.

FISCAL IMPACT/FINANCING

It is planned that the preparation of the Engineer's Report and appurtenant documents will be completed in FY 2002-03 as reflected in our FY 2002-03 Budget Request of \$150,000 for this work. It is expected that this cost will be reimbursed from the proceeds of taxable or tax-exempt bonds. Pursuant to Proposition 218, after adoption of a Resolution of Intention, an assessment ballot will be mailed to each property owner within the proposed district. If a majority of the property owners oppose the project, an assessment cannot be imposed, bonds cannot be issued, and the district will not be formed. If the district is not approved, then the \$150,000 will become a cost to the County General Fund. However, as indicated above, the survey previously conducted showed favorable community support for the project. The Proposition 218 ballot process requires only 50 percent plus one approval rate to move forward. Therefore, we expect the property owners to approve the project when they submit their Proposition 218 ballots, thereby allowing the County to be reimbursed for the \$150,000 allocation.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The present action by the Board will not form nor place any obligation on the Board to form the district. These actions will merely provide the necessary funding to prepare an Engineer's Report, which is required before the Board conducts a public hearing on the project and receives assessment ballots. The necessary documents to form the district will be submitted for your Board's approval. At the conclusion of the public hearing, if the property owners approve the project, your Board may then form the district pursuant to the Municipal Improvement Act of 1913.

If the district is formed, all costs incurred in the Shrode Avenue Sewer project are to be recovered from permanent long-term financing through the issuance of CI bonds. In accordance with Federal law, the Board of Supervisors is required to adopt a resolution stating its intention to issue bonds to finance the costs of the project and to provide certain detailed information about the project and the bond issue. County Counsel has prepared the enclosed Resolutions to meet this requirement.

ENVIRONMENTAL DOCUMENTATION

This action does not meet the definition of a project per the California Environmental Quality Act and the Environmental Reporting Procedures and Guidelines adopted by your Board on November 17, 1987. The appropriate environmental document will be completed prior to returning to your Board for approval of the project.

The Honorable Board of Supervisors
May 30, 2002
Page 4

IMPACT ON CURRENT SERVICES (OR PROJECTS)

No current services or projects will be impacted.

CONCLUSION

Please return an approved copy of this letter and adopted Resolutions to us.

Respectfully submitted,

JAMES A. NOYES
Director of Public Works

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Enc.

cc: Chief Administrative Office
County Counsel
Treasurer-Tax Collector

**RESOLUTION
INSTITUTING PROCEEDINGS FOR THE FORMATION OF AN ASSESSMENT
DISTRICT FOR THE CONSTRUCTION OF
SANITARY SEWERS IN SHRODE AVENUE AND OTHER RIGHT OF WAY
IN THE VICINITY OF THE CITY OF DUARTE
AND
DIRECTING PREPARATION OF RESOLUTION OF INTENTION**

WHEREAS, in a survey, property owners of 60 percent of the area of lands within the district hereinafter proposed to be assessed indicated their support for constructing sanitary sewers and appurtenant work in Shrode Avenue and other streets within the proposed district; and

WHEREAS, pursuant to Section 2804 (2) of the Streets and Highways Code, a debt limit investigation report need not be prepared when, upon notice and hearing in compliance with Chapter 4.56 of the Los Angeles County Code, this Board determines that the public convenience and necessity require said acquisition and improvement; and

WHEREAS, the intent of the Board is to institute proceedings and direct that a Resolution of Intention for this project be prepared;

NOW, THEREFORE, THE BOARD RESOLVES AND DETERMINES THAT:

1. The public interest and convenience require the acquisition of right of way and construction of sanitary sewers and appurtenant work in Shrode Avenue and other right of way within the assessment district proposed, therefore, substantially as indicated on the boundary map filed with this Board.
2. The proposed district including those properties to be specially assessed to pay the cost of said acquisition and improvement shall include, in general, the area within the boundary of the district as shown on said map.
3. Proceedings for the acquisition and improvement shall be conducted under and in accordance with provisions of the Municipal Improvement Act of 1913, as amended, and other acts incorporated therein, referred to therein, or supplemental thereto, and in accordance with Part 2 of Chapter 4.56 of the Los Angeles County Code.
4. The name for this project shall be "County Improvement District No. 2659-M, Shrode Avenue Sewers."
5. The Director of Public Works is directed to prepare a Resolution of Intention for the proposed project and to expend necessary funds in support thereof.

The foregoing Resolution was on the _____ day of _____, 2002, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies, and authorities for which said Board so acts.

VIOLET VARONA-LUKENS
Executive Officer of the
Board of Supervisors of the
County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By _____
Deputy

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES DECLARING ITS INTENTION TO
REIMBURSE CERTAIN CAPITAL PROJECT EXPENDITURES FROM
THE PROCEEDS OF TAXABLE OR TAX-EXEMPT BONDS
(CI 2659-M SHRODE AVENUE SEWERS)**

WHEREAS, the Board of Supervisors of the County intends to initiate proceedings to form an assessment district to construct sanitary sewers in Shrode Avenue and other streets in an unincorporated area of Duarte (the "Project") and to levy assessments (the "Assessments") to pay the cost thereof; and

WHEREAS, the Board further intends to authorize the issuance of bonds against all Assessments in excess of \$150, which are not paid in full within the cash collection period to be established by the Board; and

WHEREAS, prior to the levy and collection of the Assessments and issuance of the Bonds, County expects to incur costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election) under general Federal Income Tax principles in connection with the Project (the "Capital Expenditures"); and

WHEREAS, no funds of County or of any other entity, which is a part of the controlled group of which the County is part (the "Controlled Group") are, or are reasonably expected to be allocated, reserved or otherwise set aside pursuant to the budget of the County or any other entity within the Controlled Group on a long-term basis to pay the costs of constructing and installing the project (including all related incidental expenses thereof); and

WHEREAS, County intends and reasonably expects to finance the aforesaid costs of the project on a long-term basis through the levy of the assessments and the issuance of bonds (which may be taxable or tax-exempt); and

WHEREAS, County reasonably expects to reimburse the Capital Expenditures with the proceeds of the assessments and the bonds; and

WHEREAS, County currently expects that the maximum principal amount of bonds, which will be used to reimburse such Capital Expenditures and to pay for acquisition and construction costs and other associated project costs, will be \$700,000; and

WHEREAS, Capital Expenditures are expected to be paid from amounts temporarily withdrawn from the County's General Fund; and

WHEREAS, after issuance of the bonds, County will: (1) evidence the reimbursement allocation with an entry in the books or records it maintains with respect to bonds, (2) identify in such entry the actual prior expenditure being reimbursed or the fund from which the expenditure was made, and (3) be relieved of any restrictions under the relevant legal documents and applicable state law with respect to the amount received as reimbursement as a result of the reimbursement allocation; and

WHEREAS, upon adoption, this Resolution will constitute part of the official records of the County and will be available for public inspection on a reasonable basis within a reasonable period of time after its date of declaration in the same manner governing the public availability of other official acts; and

WHEREAS, this Resolution is intended to be a "declaration of official intent" in accordance with Section 1.150-2 of the Regulations of the Department of the Treasury promulgated under Internal Revenue Code 1986, as amended.

NOW, THEREFORE, in accordance with Treasury Regulation Section 1.150-2, this Board declares the County's intent to issue one or more series of taxable or tax-exempt bonds in a maximum aggregate principal amount of \$700,000, the proceeds of which will be used to reimburse County for Capital Expenditures paid for the project prior to the issuance of the bonds and to pay for acquisition and construction costs and other associated project costs.

The foregoing resolution was on the _____ day of _____, 2002, adopted by the Board of Supervisors of the County of Los Angeles, and ex officio the governing body of all other special assessment and taxing districts for which said Board so acts.

VIOLET VARONA-LUKENS
Executive Officer of the
Board of Supervisors of the
the County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:
LLOYD W. PELLMAN
County Counsel

By _____
Deputy